

## REMARKS

The examiner rejects claims 1-18, and 22 under U.S.C. 101 as directed to non-statutory subject matter. Claims 1, 7-11, 13-17, 19-22 are rejected under 35 U.S.C. §103(a) as unpatentable over Hammons (6,477,509); claims 2,4,5,6,12, 18 are rejected under 35 U.S.C. §103(a) as unpatentable over Hammons (6,477,509) in view of Deaton (5,687,322); and claim 3 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hammons (6,477,509) in view of Walker (5,862,223).

Claims 1, 20, 21, and 22 have been amended to more clearly define the scope of the invention as suggested by the Examiner. Support for the amendments can be found in the specification as filed. Therefore, Applicant respectfully requests that the Section 101 rejection be withdrawn.

Claims 1, 7-11, 13-17, 19-22 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Hammons (6,477,509). Applicant has attempted to further distinguish the present invention by amending claims 1, 19, 20, 21, and 22 to clarify that the incentive of the present invention is based upon information relating to a bid or bidding history on a computer network auction item and that the incentive is generated using a learning model that calculates the incentive based upon that bid or bidding history. Applicant contends that such a distinction is not disclosed or suggested in Hammons.

As discussed with the Examiner, and identified succinctly in the Hammons abstract and throughout the specification, the Hammons invention provides a consumer an incentive for signing up for the system, supplying pertinent information about herself, and viewing targeted information. Hammond's incentive is money, internet currency or credit, and that incentive is based solely on advertisement viewing time. Applicant's incentive, while it may have a

monetary value, is generated based upon the user's bid or bidding history of an auction item and not based upon time. Therefore, Hammons invention as disclosed cannot suggest applicant's invention.

Hammons discusses auction bidding related to its invention as provided:

Other examples of relevant information which could be shown to a system user (emphasis added) are shown in FIG. 3. These could include ads for the hobby in which the system user is interested; the current price of selected stock along side a brokerage ad; a photo and short quote from a political figure whom the system user supported; a list of items which are presently being offered in online auctions alongside the current bid for those items, possibly showing also the system user's current bid for the items; a running total of current funds available in the system users account; a display of the system user's checking balance, along with a note from his bank offering other services; and the current price of stock in which the system user is interested.

This paragraph discusses types of targeted information shown to the viewer. However, while an auction item may be shown to a viewer based upon their preferences, the underlying incentive is still only calculated based upon the viewing time of the user. For example, presume Ebay is a member of this marketing method. If the viewer indicates collectible spoons as a hobby, the viewer will be shown online auction items related to collectible spoons. Depending upon the time spent viewing collectible spoons, the viewer will generate money that can be used to buy a collectible spoon. Nevertheless, the monetary incentive is still only based upon the time spent viewing these items. Applicant's incentive is calculated based upon the bid and not the time.

The same example premise will now be used to distinguish Applicant's invention and how it maximizes the efficiency of selling surplus or unsold items. Presume Ebay is a member of Applicant's system. The user does not receive any incentive based upon the time of viewing any auction item. However, once a bid is placed on an auction item, a consumer profile relating to the bid is created (e.g. bidding history, start bid, bid frequency, bid increment, final bid,

winning bid, target product, etc.). At least one unsold item from an inventory based upon that bid item is chosen. An incentive is generated and that incentive along with the inventory item is offered to the user. Such a distinction is not suggested by Hammons.

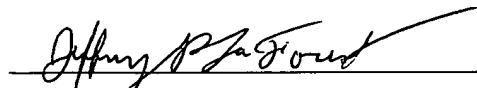
The Examiner further quotes the following passage:

The advertiser also has available to him real time in-depth reporting on advertising performance, brand awareness, and advertising tracking. The system provides qualitative message and creative testing, data mining services, and market research. These benefits are available in the version of the system in which the system user's activities are monitored, and each action of the system user on the internet is recorded and fed back to the information system computer for analysis.

This passage suggests monitoring, recording, and analyzing user viewing habits. However, this statement specifically recites the purpose of evaluating advertising performance, brand awareness, and advertising tracking. This information will provide the advertiser with information on the effectiveness of its advertising mode. There is no suggestion that any bidding activity will be used to calculate an incentive for an inventory item.

It is Applicant's hope that this response will help illuminate the novelty of the present invention. Applicant appreciates the Examiner's willingness to discuss this invention at length in our telephone conference and in his willingness to review these amendments and comments. Applicant is willing to discuss this matter at greater length should the Examiner deem it necessary.

Respectfully,



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